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**SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF SAN DIEGO**

**PEOPLE OF THE STATE OF CALIFORNIA,**  
  
Plaintiff,  
  
**v.**  
  
**CHASE BANK USA, N.A.; CHASE HOME FINANCE LLC; TRILEGIANT CORPORATION; AND TRL GROUP, INC.,**  
  
Defendants.

**CASE NO.: GIC850483**  
  
**[PROPOSED] PERMANENT INJUNCTION AND FINAL JUDGMENT**

Plaintiff, the People of the State of California (“the People” or “Plaintiff”), having filed its complaint and appearing through Bill Lockyer, Attorney General of the State of California, by Deputy Attorneys General Catherine Z. Ysrael and Benjamin G. Diehl, and defendants Chase Bank USA, N.A. (“Chase Bank”) and Chase Home Finance LLC (“Chase Home Finance”) appearing individually and through their attorneys Stroock & Stroock & Lavan, LLP, by Julia

1 Strickland, Esq., having stipulated that this Permanent Injunction and Final Judgment (hereafter  
2 “Stipulated Judgment”) may be signed by a judge, commissioner or judge pro tem of the San  
3 Diego County Superior Court,

4 The parties having consented to the entry of this Stipulated Judgment for the purposes of  
5 settlement only, having stipulated that this Permanent Injunction and Final Judgment may be  
6 entered without the taking of evidence, without trial or adjudication of any issue of fact or law or  
7 any adjudication of or decision regarding the substantive merits of any claim or defense in this  
8 case, and with the understanding that by entering into this Agreement, and with the  
9 understanding that the position of Chase Bank and Chase Home Finance is that they have at all  
10 times been in compliance with all applicable laws, and are not agreeing to or conceding that the  
11 claims or allegations asserted by the State have merit,

12 The parties acknowledge that, in addition to this Stipulated Judgment, Chase Bank and  
13 Chase Home Finance have entered into settlement agreements with the states of Alaska,  
14 Connecticut, Illinois, Iowa, Maine, Michigan, Missouri, North Carolina, New Jersey, Oregon,  
15 Pennsylvania, Tennessee, Vermont, and Washington, in the form of assurances of voluntary  
16 compliance or discontinuance resolving claims with respect to Check and Non-Check  
17 Solicitations. California and the other states are referred to collectively, hereafter, as the  
18 “Settling States.” This Stipulated Judgment, and the other aforementioned settlement  
19 agreements, are referred to collectively hereafter as the “Settlement Documents.”

20 The Court having considered the pleadings and the Stipulation for Entry of Final  
21 Judgment and Permanent Injunction executed by the parties and filed herewith, and good cause  
22 appearing,

23 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Judgment may be  
24 entered in this matter as follows:

#### 25 I. JURISDICTION

- 26 1. The Court has jurisdiction over the subject matter of this action and of the parties.
- 27 2. Venue is proper in this Court.

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## II. DEFINITIONS

3. Unless otherwise specified, the following definitions shall apply:

**A. “Account”** means a credit card account, debit card account, checking account, savings account, loan account, mortgage account or other similar account, of the Chase Parties, in connection with which Membership Programs are sold to a consumer.

**B. “Account Holder”** means a person who is contractually obligated to pay amounts due on an Account.

**C. “Affiliate”** means any company that is controlled by one of the Chase Parties.

**D. “Authorized User”** means an Account Holder or a person authorized to make charges to an Account.

**E. “Automatic Renewal”** means a plan or arrangement under which a Membership Program is automatically renewed at the end of the initial membership term, and thereafter renewed continually for successive membership terms, unless the consumer affirmatively cancels the membership. A “membership term” does not include any portion of a trial period included in a “Trial Offer.”

**F. “Chase Parties”** means Chase Bank U.S.A., N.A and Chase Home Finance LLC, successor-in-interest to Chase Manhattan Mortgage Corporation, together with their successors, assigns and subsidiaries, acting directly or through any of their officers, directors, employees, or salespersons. If, subsequent to the Effective Date, any Chase Party acquires a non-affiliated credit card or mortgage lender (an “Acquired Business”), such Acquired Business shall be deemed not to be a Chase Party for purposes of this Stipulated Judgment until after the acquisition is fully consummated and the Chase Parties have had sufficient time, not to exceed 180 days, to modify the computer and other operating systems of the Acquired Business to comply with the requirements of this Stipulated Judgment.

**G. “Check Solicitation”** means any offer, sent by Mail, of a live check, the cashing or depositing of which obligates a consumer to purchase or renew a membership in a Membership Program, either immediately or upon the expiration of a Trial Offer, unless the consumer affirmatively cancels the membership in the Membership Program.

**H. “Effective Date”** means the date on which all of the Settling States, through the Office of the California Attorney General, have delivered to the Chase Parties all signatures, and any court orders, necessary for all Settlement Documents to be effective.

**I. “Express Consent”** means, in regard to a written response to a Check or Non-Check Solicitation, an Authorized User’s or Account Holder’s express and affirmative written consent to charge a Membership Charge to an Account, either immediately or upon the expiration of a Trial Offer, unless the Authorized User or Account Holder affirmatively cancels his or her membership. An Account Holder's or Authorized User's signature (as an endorsement on a check or otherwise) provided in response to a Check Solicitation or Non-Check Solicitation that complies with this Stipulated Judgment and which employs the exact text (rather than substantially similar words that have the same substantive meaning and do not materially change the meaning of that text) set forth in, as applicable to the particular Check or Non-Check Solicitation, Sections (A)(1), (A)(2), (A)(3)(c), and/or (C)(4) of paragraph 5, below, shall be deemed to be Express Consent.

**J. “Fulfillment Materials”** means materials such as brochures, pamphlets, and the like that include the terms and conditions of a Membership Program, sent by any non-Chase Membership Marketer to a consumer after he or she has given Express Consent to purchase a membership in a Membership Program.

**K. “Mail”** means to send by United States mail or other physical delivery method such as courier, UPS or Federal Express, but excluding electronic mail and other internet communications.

1           **L. “Membership Charge”** means any amount charged to an Account for an  
2 initial or renewal membership in a Membership Program.

3           **M. “Membership Program”** means any membership product or service  
4 (other than a product or service the providing of which would be a financial activity, as  
5 that term is defined in 12 U.S.C. § 1843(k) and regulations promulgated thereunder),  
6 where the membership product or service is reasonably contemplated to involve repeated  
7 periodic charges to an Account unless the consumer cancels his or her membership in the  
8 Membership Program. This definition excludes one-time sales transactions unless they  
9 involve Automatic Renewals or require consumers to affirmatively cancel their  
10 membership in order to avoid repeated periodic charges to an Account.

11           **N. “Non-Check Solicitation”** means any offer, sent by Mail, of a benefit or  
12 of other valuable consideration, which is promoted as “free” and is an amount credited to  
13 an Account or is cash, a gift card, a savings bond, or a voucher that can be exchanged for  
14 a credit to an Account, a gift card or any cash equivalency, by which a consumer  
15 becomes obligated to purchase or renew a membership in a Membership Program, either  
16 immediately or upon the expiration of a Trial Offer, unless he or she affirmatively  
17 cancels his or her membership in the Membership Program. Notwithstanding the  
18 foregoing, a solicitation is not a Non-Check Solicitation if: (i) by accepting the  
19 consideration or benefit alone, the consumer does not incur any obligations or make any  
20 purchases; (ii) the offer requires the consumer to accept by affirmatively filling in a credit  
21 card number or other billing information (i.e., no account information is pre-printed or  
22 linked to the solicitation and a non-Chase Party account number may be provided); and  
23 (iii) the consumer will be billed only if he or she provides that information fully and  
24 completely.

25           **O. “Non-Chase Membership Marketer”** means any entity that is not an  
26 Affiliate of any of the Chase Parties, that markets Membership Programs to Account  
27 Holders or Authorized Users, pursuant to a contract with the Chase Parties.

**P. “Trial Offer”** means an offer to a consumer of a membership in a Membership Program for a trial or risk-free period, during which the consumer has the benefits of membership and, before the end of the trial or risk free period, can cancel the membership without incurring a Membership Charge.

### III. INJUNCTION

4. Pursuant to Sections 17203 and 17535 of the California Business and Professions Code, Chase Bank, Chase Home Finance and their respective successors, assigns and subsidiaries, directly or through any of their officers, agents, directors, servants, employees, or salespersons who are acting on behalf of Chase Bank, Chase Home Finance or any their respective subsidiaries, are hereby permanently enjoined and restrained from engaging in the following conduct with respect to Membership Programs offered through Check and Non-Check Solicitations:

**A.** Failing to require contractually any Non-Chase Membership Marketer to disclose, clearly and conspicuously the following information in Check and Non-Check Solicitations:

(1) *For Check Solicitations*, the following statement or substantially similar words that have the same substantive meaning and do not materially change any of the terms of the disclosure:

“Cashing the enclosed check will result in a charge of \$ [then current (annual or monthly, as applicable) fee] to your [name of Account] for a membership in [Membership Program] unless you cancel within the Trial Offer period. To cancel, you must call [toll-free number] within [length of Trial Offer period] of the date you receive your Membership Fulfillment Materials. We will not have to ask for [if applicable: your [name of Account] Account number or] your further consent in order to charge you. [If

1 applicable: [Membership Program] is not affiliated with  
2 [applicable Chase Parties]]. At the end of each [membership term,  
3 or, if billed monthly, each billing cycle], [Membership Program]  
4 will charge your [name of Account] Account the membership fee  
5 in effect at that time unless you call to cancel.”

6 (2) *For Non-Check Solicitations*, the following statement or substantially  
7 similar words that have the same substantive meaning and do not materially  
8 change any of the terms of the disclosure:

9 “Accepting the enclosed offer will result in a charge of \$ [then  
10 current (annual or monthly, as applicable) fee] to your [name of  
11 Account] for a membership in [Membership Program] unless you  
12 cancel within the Trial Offer period. To cancel, you must call  
13 [toll-free number] within [length of Trial Offer period] of the date  
14 you receive your Membership Fulfillment Materials. We will not  
15 have to ask for [if applicable: your [name of Account] Account  
16 number or] your further consent in order to charge you. [If  
17 applicable: [Membership Program] is not affiliated with  
18 [applicable Chase Parties].] At the end of each [membership term,  
19 or, if billed monthly, each billing cycle], [Membership Program]  
20 will charge your [name of Account] Account the membership fee  
21 in effect at that time unless you call to cancel.”

22 (3) The disclosures required by subparagraphs (1) and (2) must be  
23 made in the Check or Non-Check Solicitation in any one or more of the following  
24 ways:

25 (a) in the first paragraph of the main body;

26 (b) in the first page of the main body in type which is bold in

27 comparison to the majority of other text on the page;

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1 (c) in the main body, if a clear and conspicuous notice is  
2 included at the bottom of the first page of the main body stating the  
3 following, or substantially similar words that have the same substantive  
4 meaning and do not materially change the terms of the disclosure:  
5 “Important Notice: Your [name of Account] Account will automatically  
6 be charged for the membership fee if you accept this offer and fail to  
7 cancel within the Trial Offer period. See [as applicable: below, over, next  
8 page, page \_\_ ] for details;” or

9 (d) in the main body, if there is included on the first page of  
10 the main body clear and conspicuous information regarding the  
11 Membership Program, including (i) the price; (ii) that the consumer will  
12 be charged if he or she does not cancel within the Trial Offer period; (iii)  
13 the terms of the Automatic Renewal feature; and, if applicable, (iv) a  
14 statement that the Membership Program is not affiliated with the particular  
15 Chase Party. Items (i) through (iii) shall be disclosed in close proximity  
16 to one another, without the use of any form of any of the words specified  
17 in paragraph 5 when providing this information.

18 (4) For both Check and Non-Check Solicitations, clear and  
19 conspicuous statements that:

20 (a) The consumer should keep this notice (or a copy of this  
21 notice) for his or her records; and

22 (b) The consumer should expect in the Mail, within four to six  
23 weeks of providing Express Consent, Fulfillment Materials  
24 regarding the consumer’s membership in the Membership  
25 Program.

26 **B.** If any Check or Non-Check Solicitation includes the use of a Trial Offer,  
27 failing to require contractually any Non-Chase Membership Marketer to disclose, clearly



1 and conspicuously in the Check or Non-Check Solicitation a statement that the Trial  
2 Offer shall commence as of the date the consumer receives the Fulfillment Materials.  
3 The date of receipt shall be deemed to be five days after the Fulfillment Materials are  
4 sent by first class Mail. If the Fulfillment Materials are sent by second or third class  
5 Mail, receipt shall be deemed to be nine days after such mailing. Cancellations shall be  
6 honored for a period of fifteen (15) days after the end of the Trial Offer period.

7 C. For Check Solicitations,

8 (1) Failing to require contractually any Non-Chase Membership  
9 Marketer to disclose, clearly and conspicuously on the face of a check offered  
10 with a Check Solicitation a statement that notifies the consumer that by depositing  
11 or cashing the check, the consumer is purchasing a membership in the specific  
12 Membership Program.

13 (2) Failing to contractually bar any Non-Chase Membership Marketer  
14 from including on the face of a check offered with a Check Solicitation any  
15 description of an accompanying Trial Offer as “free,” “complimentary,” or “risk-  
16 free,” or similar terms or any reference to “Cash Disbursements Office” or similar  
17 terms.

18 (3) Failing to contractually bar any Non-Chase Membership Marketer  
19 from including any writing above the endorsement line on the back of any check  
20 offered with a Check Solicitation other than (i) a writing that is required by law;  
21 (ii) a copyright notice or other writing, but only if that writing is necessary to  
22 protect or identify intellectual property rights of the Chase Parties or a Non-Chase  
23 Membership Marketer; (iii) a writing that the Chase Parties or a Non-Chase  
24 Membership Marketer believes in good faith to be required by law or necessary to  
25 avoid potential liability; and (iv) the disclosure required by subparagraph (4)  
26 below.

1 (4) Failing to contractually require any Non-Chase Membership  
2 Marketer to include, clearly and conspicuously above the endorsement line on the  
3 back of any check offered with a Check Solicitation, the following disclosure, or  
4 substantially similar words that have the same substantive meaning and do not  
5 materially change the terms of the disclosure:

6 “By cashing this check I agree to a Trial Offer in  
7 [Membership Program] and understand that \$ [then  
8 current (monthly or annual, as applicable) fee] will  
9 automatically be charged to my [name of Account]  
10 Account unless I cancel my membership by calling  
11 [toll-free number] before the end of the Trial Offer  
12 period. I understand that I will also be charged  
13 every [membership period] at the then current fee  
14 and must cancel to avoid future fees and receive any  
15 applicable refund.”

16 **D.** Failing to require contractually any Non-Chase Membership Marketer to  
17 refrain from making any false or misleading representation, expressly or by implication,  
18 that the Check Solicitation or any benefit offered through a Non-Check Solicitation:

19 (1) is a refund, rebate, reward or other benefit conferred because of a  
20 business relationship between one of the Chase Parties and the consumer; or

21 (2) is anything other than a benefit or incentive offered for the  
22 purchase of a membership in a Membership Program.

23 Notwithstanding the foregoing, the use of name(s) or logo(s) of any of the Chase  
24 Parties or their affiliates, shall not, in and of itself, be deemed to make such a  
25 representation, and the Chase Parties and any Non-Chase Membership Marketer shall not  
26 be prohibited from describing any rebate program that is included as part of the  
27 Membership Program.

1           **E.**     Failing to require contractually any Non-Chase Membership Marketer to  
2     refrain from making any false or misleading representation, expressly or by implication,  
3     that the Membership Program, any check or benefit offered through a Check Solicitation,  
4     or any benefit offered through a Non-Check Solicitation is a program, service or benefit  
5     offered by any entity other than the entity that provides the Membership Program;  
6     provided, however, that the use of names or logos of a third party shall not, in and of  
7     itself, be deemed to make such a representation.

8           **F.**     Failing to require contractually any Non-Chase Membership Marketer to  
9     send by Mail or other delivery mechanism that is reasonably designed to reach the  
10    consumer within four weeks of obtaining his or her Express Consent, Fulfillment  
11    Materials that clearly and conspicuously disclose:

12                   (1)     on the first page of the welcome letter accompanying the  
13                   Fulfillment Materials:

14                           (a)     a statement in bold face, underlined type, or otherwise  
15                           displayed more prominently than the surrounding text, informing the  
16                           Authorized User that he or she has purchased a membership in  
17                           [Membership Program name] and that he or she has [number of days in  
18                           the Trial Period] from the date of the receipt of this welcome letter to  
19                           cancel the membership in order to avoid being charged for the  
20                           membership;

21                           (b)     the consumer's membership number in the Membership  
22                           Program;

23                           (c)     the length of the Membership Period;

24                           (d)     the amount and frequency of the Membership Charge;

25                           (e)     that the Membership Charge has been or  
26                           will automatically be billed to the Authorized User's  
27                           account, and, if subject to Automatic Renewal, that the

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1 Authorized User's Membership will be renewed and the  
2 Membership Charge will be automatically billed to the  
3 Authorized User's Account for each successive period  
4 unless the Authorized User cancels the membership;

5 (f) an explanation of the cancellation procedures, including a  
6 toll-free telephone number which may be used for that purpose; and

7 (g) a statement that the consumer should keep these  
8 Fulfillment Materials for his or her records.

9 (2) on the outside of the envelope containing the Fulfillment  
10 Materials, a statement in no less than 14 point, bold type indicating "Materials  
11 For Membership You Ordered" or substantially similar words that have the same  
12 substantive meaning and do not materially change the terms of the disclosure.

13 **G.** For renewal notices,

14 (1) Failing to require contractually any Non-Chase Membership  
15 Marketer to send Automatic Renewal notices to consumers, by Mail or other  
16 delivery mechanism that includes address forwarding, as follows:

17 (a) for each of the consumer's memberships that are billed less  
18 frequently than quarterly a renewal notice between thirty (30) and sixty  
19 (60) days prior to each renewal billing date; and

20 (b) for each of the consumer's memberships, regardless of the  
21 frequency Membership Charges are billed, a renewal notice between thirty  
22 (30) and sixty (60) days prior to the effective date of either any increase in  
23 the Membership Charge for the Membership Program or any change in the  
24 frequency of assessing the Membership Charge for the Membership  
25 Program, such as a change from annual to monthly billing. Renewal  
26 notices sent pursuant to this subparagraph shall include all information  
27 required by subparagraph (G)(2), immediately below, as well as an

1 explanation of the increase in the Membership Charge or change in the  
2 billing frequency.

3 (2) Failing to require contractually any Non-Chase Membership  
4 Marketer to include, clearly and conspicuously in all renewal notices sent  
5 pursuant to subparagraphs (G)(1)(a) and (b), above, the following:

6 (a) The terms of the cancellation policy for the Membership  
7 Program and a toll-free telephone number which a consumer may call to  
8 cancel his or her membership; and either

9 (b) For consumers billed less frequently than quarterly, notice  
10 of the length of the renewal period; the amount of the Membership  
11 Charge; that the consumer is about to be renewed and charged for the next  
12 Membership Program term unless he or she or cancels; and the deadline  
13 by which a consumer must cancel in order to avoid being billed for the  
14 Membership Charge; or

15 (c) For consumers billed quarterly or more frequently, a  
16 reminder of the amount of the Membership Charge and the frequency that  
17 the Membership Charge is billed or charged;

18 (3) For consumers who as of the Effective Date have one or more  
19 memberships in a Membership Program which are billed quarterly or more  
20 frequently, and unless the Non-Chase Membership Marketer already sends  
21 renewal notices that comply with subparagraphs (G)(1) and (G)(2) above, failing  
22 to require contractually any Non-Chase Membership Marketer to send, by Mail or  
23 other delivery mechanism that includes address forwarding, a notice specifying:  
24 the terms of the cancellation policy for the Membership Program; a toll-free  
25 telephone number which a consumer may call to cancel his or her membership;  
26 and a reminder of the amount of the Membership Charge and the frequency that  
27 the entity offering the Membership Program will bill or charge the Membership

1 Charge. Notices provided pursuant to this subparagraph shall be sent no later  
2 than 120 days after the Effective Date.

3 (4) Failing to require contractually any Non-Chase Membership  
4 Marketer to include on the outside of an envelope, the front of a postcard, or on  
5 the exterior of the applicable mailing piece containing an Automatic Renewal  
6 notice or the notice required by subparagraph (G)(3), above, a statement in no less  
7 than 14-point, bold type indicating "Membership Renewal Notice" or  
8 substantially similar words that have the same substantive meaning and do not  
9 materially change any of the terms of the disclosure.

10 (5) Failing to require contractually any Non-Chase Membership  
11 Marketer to include the consumer's membership number in the Membership  
12 Program in any renewal notices sent pursuant to subparagraph (G)(2) above.

13 **H.** Failing to require contractually that Non-Chase Membership Marketers:

14 (1) prior to billing, first obtain the Express Consent of the Authorized  
15 User and then maintain the original, a copy, or an electronic copy of the Express  
16 Consent of the Authorized User in a manner that ensures access to such record  
17 reasonably promptly for at least 24 months from the date such Express Consent is  
18 obtained and, upon written request by, make such record available to the Office of  
19 the California Attorney General.

20 (2) disclose or provide information to any billing entity sufficient to  
21 disclose, to the extent practical, the name of the Membership Program, the  
22 membership number and a clearly identifiable toll-free telephone number for  
23 customer service on each billing statement or invoice reflecting a Membership  
24 Charge;

25 (3) not include Check Solicitations or Non-Check Solicitations with an  
26 Account Holder's billing statement unless such solicitations are clearly and  
27 conspicuously differentiated from the billing statement, but the fact that a Check

1 or Non-Check Solicitation is included in the same envelope as a billing statement  
2 shall not by itself be deemed to be a violation of this provision.

3 **I.** For Membership Charges billed by any of the Chase Parties on consumer  
4 mortgage or other consumer installment loan Accounts:

5 (1) failing to disclose clearly and conspicuously on the first page of  
6 the billing statement or invoice reflecting a Membership Charge, the following:

7 (a) that failure to pay the Membership Charge will not cause  
8 the Account Holder to be in default on the Chase mortgage Account or  
9 other installment loan Account as applicable;

10 (b) a toll free telephone number for customer service that the  
11 Account Holder may call to cancel the Membership Charge or receive a  
12 refund; and

13 (c) if equal to or less than 19 characters, the full name of the  
14 Membership Program, or, if the full name of the Membership Program is  
15 more than 19 characters, then, to the extent practical, the name of the  
16 Membership Program.

17 A billing statement or invoice in substantially the form of Exhibit A hereto  
18 shall be deemed to comply with requirements (a) through (c) above.

19 Additionally, the disclosures required by (a) through (c) above may be on the  
20 second page (or if not feasible the earliest available subsequent page) of the  
21 statement or invoice, if there is not sufficient space on the earlier page(s) to  
22 include both the disclosure and other information that is legally required or  
23 otherwise necessary to document account activity during the period of time  
24 covered by the billing statement.

25 (2) not including Check Solicitations and Non-Check Solicitations  
26 with an Account Holder's billing statement unless such solicitations are clearly  
27 and conspicuously differentiated from the billing statement, but the fact that a

1 Check or Non-Check Solicitation is included in the same envelope as a mortgage  
2 or other billing statement shall not by itself be deemed to be a violation of this  
3 provision.

4 **J.** For Cancellations and Refunds, failing to require contractually that any  
5 Non-Chase Membership Marketer:

6 (1) have a cancellation policy by which Account Holders may cancel  
7 any membership in any Membership Program by providing his or her membership  
8 number, or first and last name and billing address, either orally or in writing;

9 (2) disclose, clearly and conspicuously in Check and Non-Check  
10 Solicitations and Fulfillment Materials, the terms and conditions of the  
11 cancellation policy for the Membership Program;

12 (3) cancel a consumer's membership in a Membership Program within  
13 ten (10) business days of receiving a cancellation request, including failing to  
14 cease assessing any renewal fees after the consumer cancels his or her  
15 membership in a Membership Program for any period after the effective date of  
16 cancellation, or refunding any renewal charges that have already been processed  
17 for a term that has not yet commenced, provided the consumer has provided his  
18 or her membership number, or first and last name and billing address;

19 (4) process any applicable refund or account credit provided for under  
20 the terms of the Membership Program cancellation policy for a membership  
21 cancelled by the consumer within ten (10) business days of receiving the  
22 cancellation request, including failing to credit to the consumer any renewal  
23 charges that have already been processed for a term that has not yet commenced,  
24 provided that the consumer has provided his or her membership number, or first  
25 and last name and billing address;

26 (5) notify each Authorized User who calls the Non-Chase Membership  
27 Marketer to dispute a Membership Charge and in any way indicates that he or she

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1 did not consent to, authorize, or understand that he or she would be assessed a  
2 Membership Charge, of the cancellation policy for the Membership Program, and,  
3 if the consumer elects to cancel the membership in the Membership Program, to  
4 honor the cancellation and provide any credit or refund that is provided for under  
5 the cancellation policy for that Membership Program, provided that the consumer  
6 provides his or her membership number or first and last name and billing address;

7 (6) without requiring additional action by any consumer (other than  
8 requesting that the consumer provide information necessary to process the  
9 cancellation), to promptly credit or refund, in accordance with the cancellation  
10 policy the amount (or portion thereof) of any unauthorized Membership Charge,  
11 less any credit or refund such person may have already received related to such an  
12 unauthorized Membership Charge; and

13 (7) maintain, a record of requests for cancellation of memberships in  
14 all Membership Programs, whether received during a Trial Offer period or during  
15 a full membership period, in a manner that ensures reasonable access to such  
16 records for at least 24 months following such requests, and upon written request,  
17 make such records available to the Office of the California Attorney General. The  
18 records shall be in the form of originals, copies or electronic copies of the internal  
19 records maintained by the entity offering the Membership Program.

20 **K.** Failing to require contractually any Non-Chase Membership Marketer to  
21 refrain from making any representation in any solicitation or notice to consumers, that is  
22 contrary, whether directly or by implication, to any of the statements and disclosures  
23 required by this Stipulated Judgment.

24 **5.** Provisions of this Stipulated Judgment which specifically permit required  
25 disclosures to be made in “substantially similar words that have the same substantive meaning  
26 and do not materially change any of the terms of the disclosure” shall not be construed to permit  
27 use of any form of the following words in a disclosure: activate; enroll; initiate; join; or register.

1           **6.**       The Chase Parties shall not enter into, amend or renew any contract with any  
2 Non-Chase Membership Marketer for the purpose of marketing Membership Programs to  
3 customers of any of the Chase Parties that does not comply with all of the provisions of  
4 paragraphs 4 and 5 above. However, it shall be sufficient for the contract with the Non-Chase  
5 Membership Marketer to incorporate this Stipulated Judgment by reference and recite that the  
6 Non-Chase Membership Marketer has been provided with a copy of it, without setting forth each  
7 of its provisions in the body of the contract itself. In connection with the preparation or  
8 performance of such contracts, the Chase Parties shall not require any act that is inconsistent  
9 with the provisions of paragraphs 4 or 5.

10           **7.**       The Chase Parties shall review their existing contracts with Non-Chase  
11 Membership Marketers and within 150 days of the Effective Date shall make reasonable efforts  
12 to bring all such existing contracts into compliance with the terms of this Stipulated Judgment.  
13 If, following such reasonable efforts, any Non-Chase Membership Marketer refuses to comply  
14 with the terms of this Stipulated Judgment within 180 days of the Effective Date, the Chase  
15 Parties will decline to authorize the use by such Non-Chase Membership Marketer of Check and  
16 Non-Check Solicitations. Subject to the terms (as of the Effective Date) of any now existing  
17 contract with a current Non-Chase Membership Marketer and the provisions of this paragraph 7,  
18 no Chase Party shall, subsequent to the Effective Date, approve any Check or Non-Check  
19 Solicitation that does not comply with the provisions of this Stipulated Judgment.

20           **8.**       Except as provided in paragraph 7 above, no Chase Party shall enter into, amend  
21 or renew any contract with any Non-Chase Membership Marketer unless that contract provides  
22 that the Non-Chase Membership Marketer will not send any Check or Non-Check Solicitations  
23 to any Account Holder, or cause any Check or Non-Check Solicitations to be sent to any  
24 Account Holder, without the Chase Party's prior review and approval of the Check or Non-  
25 Check Solicitations for the purpose of ensuring that the solicitations comply with all applicable  
26 provisions of this Stipulated Judgment.

**9.** Any Chase Party or Affiliate that operates a Membership Program shall do so subject to the terms and conditions that this Stipulated Judgment requires the Chase Parties to include in any contract with any Non-Chase Membership Marketer.

#### IV. PAYMENT BY CHASE

**10.** Within three (3) business days after the Effective Date, Respondents shall pay, by wire transfer or as otherwise directed by the Settling States, the total sum of Two Million Dollars (\$2,000,000) (“State Fees and Costs”), as payment for attorneys fees and investigation and litigation costs, and/or consumer protection enforcement funds, consumer education, litigation or local consumer aid, and other uses permitted by state law, at the discretion of each state Attorney General, and to be divided and paid directly to each Settling State. Pursuant to this paragraph, Chase Bank and Chase Home Finance shall jointly and severally pay the total of \$350,000 to Plaintiff, \$175,000 of which shall be paid pursuant to Section 17206 of the Business and Professions Code and \$175,000 of which shall be used to compensate the California Attorney General’s Office for its attorney fees, investigation fees, and other costs related to the resolution of this matter, or may be used to fund consumer fraud investigations, enforcement operations, or litigation, all at the discretion of the Office of the California Attorney General.

## V. OTHER SETTLEMENT TERMS AND OBLIGATIONS

**11.** Upon reasonable prior written notice, any duly authorized representative of the California Attorney General may request, and the Chase Parties shall provide, copies of such records as may be reasonably necessary to determine whether the Chase Parties are in compliance with this Stipulated Judgment. This paragraph is limited to ensuring compliance with this Stipulated Judgment, and the only documents which the Attorney General may request are documents reasonably relating to the offering of Membership Programs by Check and Non-Check Solicitations. The provision by the Chase Parties of copies of records pursuant to this Section shall not be construed as a waiver of the Chase Parties' contentions in regard to visitorial powers and federal preemption, as set forth in paragraph 15(A) below, nor shall the

1 provision by the Chase Parties of copies of records pursuant to this Section be deemed an  
2 examination of the Chase Parties.

3 **12.** Nothing in this Stipulated Judgment shall be construed as relieving the Chase  
4 Parties of their obligation to comply with all applicable state and federal laws, regulations or  
5 rules, or granting them permission to engage in any acts or practices prohibited by such law,  
6 regulation or rule. This Stipulated Judgment shall supersede that certain Assurance dated  
7 December 2002 by and between First USA Bank, N.A. and certain states, including California,  
8 but only as to the rights and obligations of the Chase Parties and California under that Assurance  
9 in regard to Membership Programs offered through Check and Non-Check Solicitations.

10 **13.** The Attorney General of California shall have the authority to enforce or seek  
11 sanctions for violations of the provisions of this Stipulated Judgment in the duly constituted  
12 courts of California, and evidence of a violation of this Stipulated Judgment shall constitute  
13 prima facie evidence of an act or practice in violation of Section 17200 of the California  
14 Business and Professions Code. The Chase Parties agree not to assert that any such action to  
15 enforce or seek sanctions for violations of the provisions of this Stipulated Judgment are  
16 preempted under any federal law or regulation. However, the Chase Parties shall not be liable  
17 under this Stipulated Judgment for the acts or omissions of any Non-Chase Membership  
18 Marketer.

19 **14.** Release.

20 **A.** This Stipulated Judgment constitutes a complete settlement and release by  
21 the Attorney General of California of all civil claims and causes of action against the  
22 Chase Parties relating to or based upon Membership Programs offered by Non-Chase  
23 Membership Marketers through the use of Check or Non-Check Solicitations which  
24 existed as of the Effective Date and which could have been asserted by the Attorney  
25 General of California, either individually or collectively with the Attorneys General of  
26 other states, under Sections 17200 or 17500 of the Business and Professions Code any  
27 other consumer protection laws which give the Attorneys General the authority to sue,

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28 [PROPOSED] PERMANENT INJUNCTION AND FINAL JUDGMENT

1 but does not release any anti-trust, charitable trust, or tax claims, or claims regarding  
2 methods of solicitation other than Check or Non-Check Solicitations.

3 **B.** The Office of the Attorney California Attorney General agrees that before  
4 seeking any relief from any court for any alleged violation of this Stipulated Judgment,  
5 and if in the discretion of the Attorney General's Office of California, the violation does  
6 not threaten the health, safety, or welfare of the citizens of California, the Office of the  
7 California Attorney General will give the Chase Parties ten (10) business days written  
8 notice of the alleged violation. The Chase Parties shall be provided the opportunity to  
9 respond to Attorney General's office regarding the alleged violation within the ten (10)  
10 business day period.

11 **15. A.** It is the position of the Chase Parties that only the Office of the  
12 Comptroller of the Currency (the "OCC") may exercise visitorial powers over the Chase Parties,  
13 including without limitation, the regulation, examination and supervision of the Chase Parties  
14 and their activities, as well as the enforcement of all applicable federal and state consumer  
15 protection laws, rules and regulations. By entering into this Stipulated Judgment and agreeing  
16 that it may be enforced in the duly-constituted courts of California, the Chase Parties do not  
17 waive their position as to visitorial powers, federal preemption or any other defense in regard to  
18 any future dispute between the Chase Parties and any State on any subject other than the  
19 interpretation or enforcement of this Stipulated Judgment. The Chase Parties's consent to  
20 jurisdiction in the duly constituted courts of California for enforcement proceedings in regard to  
21 this Stipulated Judgment is not a waiver or consent to jurisdiction in any matter unrelated to the  
22 enforcement or interpretation of this Stipulated Judgment.

23 **B.** It is the position of the Office of the California Attorney General that it  
24 has the authority to enforce and is not preempted from enforcing all applicable state consumer  
25 protection laws against the Chase Parties regarding the marketing of Membership Programs by  
26 Check and Non-Check Solicitations. Further, the Attorney General's Office does not waive its  
27 contention and reserves the right to assert that any claim(s) it may raise in any subsequent

dispute with any of the Chase Parties is not preempted or otherwise barred by any federal law or regulation.

**16.** The parties agree that the Chase Parties may approach the Attorney General's Office of California to request amending or terminating provisions of this Stipulated Judgment in light of new or evolving technologies, business models, settlements, laws, regulations, interpretations, the passage of time, or other relevant changes in circumstances, and the Attorney General's Office of California shall reasonably consider such requests and advise the Chase Parties of the Attorney General's approval or denial within 45 days after receiving such request. The decision whether to grant any such request to modify or terminate this Stipulated Judgment shall rest within the discretion of the Office of the Attorney General of California, except that if any law or regulation subsequently adopted by California or any applicable regulatory body of California is expressly inconsistent with any provision of this Stipulated Judgment, the Attorney General's Office of California shall agree to modify that provision of this Stipulated Judgment to the extent necessary to eliminate such inconsistency.

**17.** Notices to be given under this Stipulated Judgment are sufficient if given by nationally recognized overnight courier service or certified Mail (return receipt requested), or personal delivery to the named party at the address below:

**A.** If to any of the Chase Parties:

JP Morgan Chase & Co.  
Attn: Chief Legal Officer  
Office of General Counsel  
270 Park Avenue, Floor 9  
Mail Code NY1-K249  
New York, NY 10017

and

Jill A. Centella, Esq.  
JPMorgan Chase Bank  
10 South Dearborn, Floor 11  
Mail Code IL1-0287  
Chicago, IL 60603

1                   **B.**     If to the Attorney General of California:

2                   Benjamin G. Diehl  
3                   Office of the California Attorney General  
4                   300 S. Spring St., Ste 1702  
5                   Los Angeles, CA 90013

6                   Notice is effective when delivered personally; or three (3) business days after it is sent by  
7                   certified Mail; or on the business day after it is sent by nationally recognized courier service for  
8                   next day delivery. Any party may change its notice address by giving notice in accordance with  
9                   this paragraph.

10                  **18.**     The Chase Parties expressly disclaim and deny any wrongdoing whatsoever. This  
11                  Stipulated Judgment and all negotiations, statements, and proceedings in connection therewith  
12                  shall not be construed as or deemed to be evidence of an admission or concession on the part of  
13                  any of the Chase Parties of any liability or wrongdoing by them, and shall not be offered or  
14                  received in evidence in any action or proceeding, or used in any way, as an admission,  
15                  concession or evidence of any liability or wrongdoing of any nature on the part of any Chase  
16                  Party, and shall not be construed as, or deemed to be evidence of, an admission or concession  
17                  that any person suffered any compensable harm or is entitled to any relief.

18                  **19.**     The Chase Parties' obligation to comply with the operative terms of this  
19                  Stipulated Judgment as reflected in paragraphs 4 through 9 shall commence 180 days after the  
20                  Effective Date, except that: (a) any contracts entered into with any Non-Chase Membership  
21                  Marketer at any time after the Effective Date shall comply with the applicable terms of this  
22                  Stipulated Judgment; and (b) in regard to Accounts maintained on the Chase Home Finance LLC  
23                  "LSAMS" system, the Chase Parties' obligation to comply with paragraph 4(H)(2) shall  
24                  commence a reasonable time (but not later than December 31, 2007) after those systems are fully  
25                  operational and integrated into the Chase Home Finance LLC "MSP" system. In regard to  
26                  Accounts maintained on the Chase Home Finance LLC "LSAMS" system, the Chase Parties  
27                  represent that this delayed obligation to comply with paragraph 4(H)(2) (and only paragraph  
28                  4(H)(2)) as to those loans impacts approximately 4451 out of approximately 181,067 consumer

1 accounts that were in existence as of the Effective Date, and the Settling States are relying on  
2 this representation in agreeing to this limited delay in the date that the Chase Parties will begin to  
3 be obligated to comply with this Stipulated Judgment.

4 Date: December , 2006.

6 BY THE COURT

8 Judge